

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
(317) 232-9855

FISCAL IMPACT STATEMENT

LS 7571

BILL NUMBER: HB 1863

DATE PREPARED: Jan 10, 2001

BILL AMENDED:

SUBJECT: State Contracting Practices.

FISCAL ANALYST: John Parkey

PHONE NUMBER: 232-9854

**FUNDS AFFECTED: X GENERAL
DEDICATED
FEDERAL**

IMPACT: State

Summary of Legislation: The bill requires the Governor's Commission on Minority Business Development to adopt as a goal that 12% of contracts awarded by state agencies, bodies corporate and politic, and state educational institutions be awarded to minority business enterprises and that 7% of contracts awarded by state agencies, bodies corporate and politic, and state educational institutions be awarded to women's business enterprises. (Under current law the Commission is required to adopt as a goal that 5% of state contracts be awarded to minority business enterprises.) The bill requires the Indiana Department of Administration to conduct a biennial study to determine whether, during the previously concluded two year period, the goals have been met. The bill requires the Department to adopt rules to require that not fewer than 12% of contracts be awarded to minority business enterprises and not fewer than 7% of contracts be awarded to women's business enterprises if the goals have not been met. The bill requires the Department to determine whether minority business enterprises and women's business enterprises historically have been excluded from the award of contracts.

Effective Date: July 1, 2001.

Explanation of State Expenditures: The Department of Administration's administrative cost could increase if studies reveal the contracting goals have not been met. Any increase in these costs is expected to be covered using existing staff and resources.

The impact of this bill on the contracting costs of state agencies, political bodies, and state educational institutions is indeterminable. It is unknown whether contacted services from minority or women business enterprises are any more or less expensive than services contracted from other business enterprises.

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Department of Administration; State Educational Institutions; other political bodies.

Local Agencies Affected:

Information Sources: Jay McQueen, Department of Administration, (317) 232-7636